

***United States Court of Appeals
for the Second Circuit***



APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

B
pg 5

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UNITED STATES OF AMERICA,

Appellee,

-v-

MICHAEL GARDNER,

Appellant.
-----x

: 76-1339
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:
:
:
:

APPENDIX TO BRIEF FOR
APPELLANT MICHAEL GARDNER

Appeal from A Judgment of
Conviction in The United
States District Court For
The Southern District of
New York

VOLUME II

Donald E. Nawi, Esq.
2 Park Avenue
New York, New York 10016
Attorney for Appellant
Michael Gardner



PAGINATION AS IN ORIGINAL COPY

TABLE OF CONTENTS

VOLUME II

Government Exhibits

13.....	A	52
19.....	A	58
29.....	A	62
30	A	66
33.....	A	68
37.....	A	69
49A.....	A	70
49B.....	A	73
52.....	A	77
90.....	A	90
300.....	A	93
302.....	A	99

Defendant Gardner Exhibits

C 1.....	A	103
C 2.....	A	105
E 1.....	A	106

SUBSCRIPTION AGREEMENT

TO: White Holdings Limited,
3044 Sarah Street,
Niagara Falls, Ontario.

S. Michael Gardner of 475 Fifth Avenue, New York, New York, 10017, on behalf of an Ontario corporation to be formed hereby subscribes for 334 common no par value shares of White Holdings Limited and 667 Class "B" preference shares having a par value of \$1.00 each for the price or sum of Fifteen Million (\$15,000,000.00) Dollars and agrees to accept and pay for the same in instalments in accordance with Schedule "A" attached hereto with the said shares or fractional portion thereof to be delivered forthwith upon receipt by White Holdings Limited of the monies in accordance with said attached Schedule "A".

The certificates are to be issued in accordance with the directions of Gardner or his nominees.

This subscription offer to purchase is subject to the terms and conditions set forth as follows:

1. That White Holdings Limited, incorporated as a private Ontario corporation, has an authorized capital of 5000 common no par value shares to be issued for a consideration not exceeding Five Thousand (\$5,000.00) Dollars; 2250 non-voting Class "B" preference shares having a par value of \$100.00 each and 20,000 Class "L" preference shares with a par value of \$1.00 each.
2. That there are presently issued from the capital

BEST COPY AVAILABLE

stock of White Holdings Limited and being fully paid 500 common no par value shares and 1000 Class "B" preference shares.

3. White Holdings Limited is not in arrears for any corporation tax, that there are no outstanding liabilities save and as disclosed on its last Profit and Loss Statements, that all annual returns due to the Corporations Branch have been complied with and that there are no work orders or any other outstanding liabilities save and except as disclosed on the said last Financial Statement of the Corporation.

4. That upon issuance of the stock aforesaid, the present shareholders shall retain a minimum of sixty (60%) per cent of the voting control of White Holdings Limited and Gardner will hold a maximum of forty (40%) per cent of the issued voting stock of White Holdings Limited.

5. White Holdings Limited will take all necessary corporate proceedings including passing the necessary resolutions for the due issuance of the aforesaid treasury stock of White Holdings Limited.

6. It is expressly agreed that no shares will be issued unless and until monies are received in payment therefor. Upon payment of fractional amounts, the proportionate number of shares equivalent to the dollar value received will then be delivered in accordance with the directions of Gardner. In the event of default of payment in accordance with the Schedule attached for a period of ninety (90) days beyond the due date, unless mutually agreed to the contrary, White Holdings Limited will be relieved of the burden of this Agreement and will not

be under further obligation to accept any further monies for the issuance of any remaining stock up to the maximum permitted by this agreement. Gardner will also not be obligated for any prepayment penalty.

7. White Holdings Limited and Gardner agree that they have deposited the sum of Twenty-five Thousand (\$25,000.00) Dollars each for the due performance of this contract. In the event that Gardner does not perform any portion of this contract, Gardner agrees to return the said sum of Twenty-five Thousand (\$25,000.00) Dollars to White Holdings Limited.

8. White Holdings Limited states that it is the holder of issued capital stock and holds voting percentages as set forth thereafter as follows:

The Royal Centre Incorporated - 100% - operating the Panasonic Tower.

National Marine Aquarium of Canada Limited - 100% - operating National Marine Aquarium of Canada Limited

National Historical Wax Museums (Canada) Limited - 100% - operating Burning Springs Wax Museum

Burning Springs Observation Deck Limited - 100% - operating Waltzing Waters

Niagara Space Spiral Limited - 33 1/3%

Hollywood Wax Museum Limited - 33 1/3%

Arm Leasing, Inc. - 50%

International Thousand Island Museums Limited - 50%

Story Book Land Limited - 33 1/3% - operating Crystal Beach Wax Museum

Biblical Wax Museum - 100% - being a corporation to be formed

Foxhead Inn Limited - 100% - operating Sheraton Brock, Sheraton Foxhead and Sheraton Motor Inn, Niagara Falls, Ontario

Jefferson Hotel Inc. - 100% - operating Sheraton
Jefferson, St. Louis, MO.

Frontier Printing, Limited - 100%

John Michael's Men's Store Limited - 50%.

9. Gardner agrees to cause the new Ontario corporation being formed purchasing shares hereunder to take all necessary corporate proceedings for the due carrying out of this purchase.

10. It is understood that Wardley Realty Ltd. presently holds all the issued capital stock of White Holdings Limited in escrow as security for a loan. This agreement is subject to the approval and release from escrow of Wardley Realty Ltd. If the release and approval is not obtained this agreement is null and void.

11. White Holdings Limited will cause and agree that none of the present shareholders shall vote any shares of White Holdings Limited held by them or consent to or otherwise cause or permit the said corporation or any of its subsidiaries to, and White Holdings Limited shall not, nor shall the said corporation cause or permit any of its subsidiaries, without the prior written consent of each of the present shareholders to:

(a) amend or vary in any way any provision of its articles or by-laws except to permit an increase or variation in its authorized capital;

(b) allot, issue, sell, exchange or otherwise dispose of any of its shares except to declare and pay stock dividends;

(c) subject to the other provisions of this agreement, repay in whole or in part any indebtedness due to present shareholders save and except shareholders loans due to the principal shareholders of White Holdings Limited in an amount not to

- 36 -

exceed Two Hundred Thousand (\$200,000.00) Dollars as set out presently on the statements of White Holdings Limited and its subsidiaries and presently being repaid to the said shareholders in amounts not exceeding Two Thousand (\$2,000.00) Dollars monthly;

(d) notice of all meetings of shareholders is to be given to all shareholders of record;

(e) borrow money except in the ordinary course of its business;

(f) enter into any agreement with any of the shareholders for management services or except as provided in this agreement, pay any fee, salary, bonus or remuneration to any of the shareholders for or on account of services rendered by him to or for the corporation;

(g) increase or decrease the number of its directors or have any directors other than present shareholders. Garoner will be entitled to be represented on the Board of directors and upon receiving at least ten (10%) per cent of the subscribed for shares shall be entitled to permanent representation on the Board of directors carrying one vote;

(h) change its auditors without the consent of Garoner;

(i) commence any proceedings to wind up, dissolve or liquidate or make any assignment for the benefit of creditors or any application for a receiving order against it.

12. White Holdings Limited agrees to furnish Garoner, upon request, with any existing advertising material relating to its subsidiary corporations, including pertinent data presently on hand including copies of all financial statements, debt service presently available.

IN WITNESS WHEREOF the parties hereto have hereunto
set their hands and seals.

SIGNED, SEALED AND DELIVERED
in the presence of:

WHITE HOLDINGS, LIMITED

Per :

(President)

(S. Michael Gardner, on behalf
of an Ontario corporation to
be formed)



GX 19
A 58

Porklean Farms Limited

R. R. 1, ST. ANN'S, ONTARIO

AREA CODE (416) 562-7195

Manager W. E. Matto

MEMORANDUM OF INTENT made this 1st day of March, 1974.

BETWEEN:

PORKLEAN FARMS LIMITED,

Hereinafter called the "PARTY"

of the FIRST PART,

- and -

S. MICHAEL GARDNER,

Hereinafter called the "PARTY"

of the SECOND PART.

For the considerations hereinafter set forth, we,
the undersigned, covenant and agree the following:

1. It is proposed to establish farrow to finish hog operations in various under-developed countries by the formation of corporations with voting control as in Paragraph 6 hereinafter referred to as units as time and money permits with the first unit to be located in a suitable location in West Germany.

2. Porklean Farms Limited will provide inter alia:

- (a) Breeding sows and boars;
- (b) Management, training of management and to be

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Porklean Farms Limited

R. R. 1, ST. ANN'S, ONTARIO

AREA CODE (416) 562-7195

Manager W. E. Matte

- 2 -

fully responsible for the entire operation and production of each unit including marketing of product;

(c) Each unit shall contain and be set up for a continuous operation of between 450 and 600 sows;

(d) Porklean Farms Limited will have the ultimate decision in picking and acquiring location;

(e) Porklean Farms Limited will be in charge of all construction, acquisition, installation of equipment, setting up operations and commencing of business.

3. Gardner will be responsible for the setting up of the German corporation, filing with the West German government appropriate prospectus in taking all necessary steps for a public offering of shares for the public in Germany, and:

(a) to qualify said unit as an enterprise in a qualified under-developed area;

(b) to obtain all necessary corporate financing and working capital including the sale of shares to produce a net to the unit of Six Million (\$6,000,000.00) Dollars for construction of this unit plus one additional unit at a location to be determined;

(c) to retain counsel in Germany to proceed at once with the above;



Porklean Farms Limited

R. R. 1, ST. ANN'S, ONTARIO

AREA CODE (416) 562-7195

Manager W. E. Matte

- 3 -

(d) to assist in acquiring suitable locations for Porklean Farms Limited for the ultimate decision;

(e) to at all times comply with all securities legislation and corporate proceedings in each respective country and to comply with all local regulations in the sale of stock.

4. It is agreed that from the capital raised Porklean Farms Limited will be paid for breeding stock, management and construction services, details to be spelled out by way of subsequent agreement.

5. It is further agreed that Porklean Farms Limited will retain in each unit seventy (70%) per cent of the issued voting stock with thirty (30%) per cent to Gardner or his nominees.

6. Gardner or his nominees will be paid commissions and fees not exceeding twenty-five (25%) per cent of all monies raised but said sums shall be in addition and not deducted from the Six Million (\$6,000,000.00) Dollars ~~and~~ to be raised for the newly formed corporation.

7. Porklean Farms Limited agrees to take all of its own necessary corporate proceedings for the due carrying out of the foregoing.



Porklean Farms Limited

R. R. 1, ST. ANN'S, ONTARIO

AREA CODE (416) 562-7195

Manager W. E. Matte

- 4 -

8. Porklean Farms Limited will be responsible to a maximum of Fifteen Thousand (\$15,000.00) Dollars for the fees and expenses for the setting up of the German corporation in Unit number 1.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals.

SIGNED, SEALED AND DELIVERED
in the presence of:

PORKLEAN FARMS LIMITED

Per:

(President)

(S. MICHAEL GARDNER)

PORK LEAN FARMS

BUDGET

EXPENDITURES TO DATE

Consultation with attorneys, as to status with tax authorities Department of Agriculture	\$ 3,500.00
Consultation with auditors and tax experts	750.00
Travel	
Air line tickets	500.00
Per diem	1,000.00
Telephone and Misc.	200.00
	<hr/>
TOTAL	5,950.00

In order to go forward, the following would have to
be expended :

Travel	
Two men @ \$ 100.00 ea 20 days (exclusive of air fare)	4,000.00
Air line tickets	2,500.00

PORK LEAN FARMSBudget (Continued)

Legal and Accounting	\$ - 6,000.00
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Printing	4,000.00
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Translations	1,000.00
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Contribution to office set-up	3,000.00
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Telephone, Telex, P.R. out of pocket, and miscl.	
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Total to be expended	20,500.00
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Total expenses	26,450.00
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Already advanced	10,000.00
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*File
White Holdings*WHITE HOLDINGS, LTD.BUDGET

EXPENSES ALREADY INCURRED AND PAID

TRAVEL EXPENSES

Air fares:

Gardner	\$	440.00
Kirby		1,680.00
Shubin		452.00

Rail fares:

Kirby	160.00
Shubin	160.00
J.L. Provencal	160.00

Hotels, Restaurants, ect. (75 % charge)	3,700.00
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Kirby (37 days)	
Shubin (15 days in transit)	1,500.00

LEGAL EXPENSES

Buffeta Tapia (Panama)

Incorporation fee	1,100.00
set up P.O. Box, act as	600.00
resident agent for one year-	
printed translations of	
corporate articles and by-laws, ect.	

WHITE HOLDINGS, LTD.BUDGET (Continued)

Legal re: Canada	
Incorporation fees	\$ 550.00
Do minutes, issue certificates, various consultations, ect.	250.00
Legal in Europe	1,000.00
RE: register in countries when necessary	
Salaries and Draws.	
Kirby	2,000.00
Chubin @250 per week	1,500.00
Printing	
Certificates	750.00
Brochures (advance)	2,000.00
Translations	400.00
Auditors	1,500.00
For Panamanian Corp.	
Transfer Agent	400.00
(advance fee)	
Office, Telephone, and out of pocket charge to this deal	
As per phone bill of 4/74	4,000.00

WHITE HOLDINGS, LTD.BUDGET (Continued)

CAPITAL	\$ 5,000.00
As required to form corp.	
5,000,000. @ 1¢ par value	
	<hr/>
approximate already spent	29,302.00

PAYABLES WHICH HAVE BEEN INCURRED

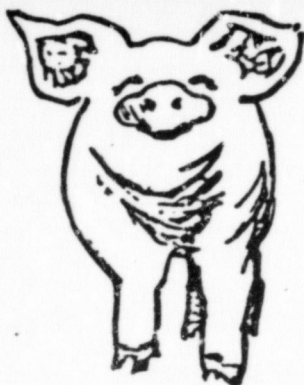
Printing	
Brochures	4,500.00
Legal	
Europe	1,500.00
Salaries	
@ 2,000. per month , one month	2,000.00
Translations	400.00
	<hr/>
incurred but not payed	8,400.00

TO BE INCURRED PRIOR TO CASH FLOW

Travel	5,000.00
Gardner and Kirby overseas	
Four key men on road full time (exclusive of air fares)	2,000.00

WHITE HOLDINGS, LTD.BUDGET (Continued)

Salaries	\$ 2,000.00
London P.R. Firm	
Key men	
Office set-up expense	3,500.00
Telex, exchange, 2 secretaries, ect.	
Telephone and Telex	3,500.00
Out of pocket and miscl.	1,000.00
Custodial Bank Services	200.00
	<hr/>
Additional expenses to be incurred	17,200.00
	<hr/>
TOTAL EXPENSES BEFORE CASH FLOW STARTS	54,902.00
	<hr/> <hr/>



Porklean Farms Limited

R. R. 1, ST. ANN'S, ONTARIO

AREA CODE (416) 562-7195

Manager W. E. Matte

GX 33
A 68

August 8, 1974

S. Michael Gardener,
475 Fifth Avenue,
New York, New York,
10017.

Dear Michael:

The writer regrets that he has been unable to reach you by telephone over the past three weeks.

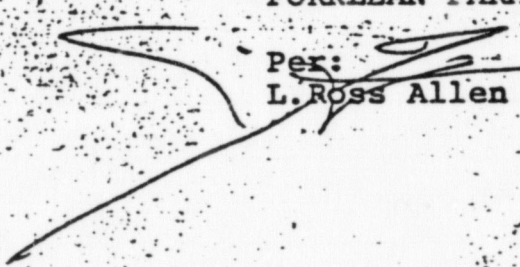
It is quite apparent you have been unable to produce anything further in regards to your proposal for hog production in Germany.

We have now confirmed that you have many personal difficulties including facing a possible three year jail term arising out of the episode in Chicago. Although we have every sympathy and wish you well, we regret we will be unable to continue our relationship because of your current status although under appeal. As we have also confirmed, your present conditions are effecting your ability to produce the desired result for both yourself and us.

Accordingly we wish to advise you are not to continue any further in your efforts concerning the hogs and meanwhile we would appreciate a full accounting of the disbursal of funds and refund of any balance you have on hand.

yours truly,

PORKLEAN FARMS LIMITED

Per: 
L. Ross Allen

LRA/iu

REDACTED

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413639z ihcf d

=vbz=
=vbz=

mr ross allen 8 churchst st catherines ontario canada
mr ross allen 8 chruch e e e churchst st catherines ontario canada

= dear ross i was in munich with schubin when he recieved your letter i am now in frankfurt and olson brought over the package you sent him. shubin called me here to tell me of his conversation with you do not send out to many packages as it belittles a fine deal stp concept of forming a gmbh and using a kog.a here is correct problems exists as canadian tax law is different than us but the deal can be structured anyway to make sense stp i am aware of letter waiting for me from you in ny and can from context of what you are writing here guess what it says stp in the meantime i am being as positive as possible with the people with whom you have corresponded and will try to help not hurt when questioned from a distance as you seem to prefer stp my biggest mistake this year was sending kirby here instead of coming myself stp trying to correct this and this is my third trip here in six weeks stp i have financed the expenses on white deal and have worked it out completely and would welcome company on my next trip stp will contact you and arthur on my return early next week. wishing you all the best = gardner - frankfurt +++

bitte mit gebuehren

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9911a tst ffm

March 18/74

6x99A

A 70

Mr. L. Ross Allen.

Hetherington Kerwin Allen + Henderson.

8 Church St

St Catharines Ontario

Canada.

Dear Ross.

I am sitting in Mr. Shubins office
in Munich Germany.

He has gone over the "pig" deal
and thinks very highly of the possibilities
of completing a deal of this nature.

He suggests to further expedite
the deal he would require a history
of Park Lane farms including details
of why you think Park Lane is better
than any other breed. And why Park Lane
is a better bacon hog than any other
types.

OX 492
A 71
The more detail you can give him
regarding raising of pigs and marketing
them the easier it will be to
complete the raising of monies.
Basically what we need is your
enthusiastic pitch covering all
the selling points you know. Please
forward this information direct
to SAUL SHUBIN at the
Arabella House.

Also I am having this sent
to you direct because Saul is in the
Real Estate business also, and is
looking for revenue producing properties
in Ontario. Perhaps the farm could
be sold as a portion sold and the

revenues would pay about $7\frac{1}{2}$ to 8%
on the investment. Anything you
have or know of in your area that is for
sale that ~~will~~^{is} producing revenue
would be of interest. Let me know
immediately as the people from here
anticipate going to Toronto before the
end of the month. Please get the
above information to me yesterday.
Thank you

Yours truly
W. H.
Greene

GX-49B

ID

GX 49B
A 73

March 27/74

Dear Ross,

I have investigated what must be done to make the "P.C." deals successful.

It seems we must use the existing firm as an anchor and then sell franchise or satellite operations in order to get maximum tax advantages in Germany.

The first step is a balance sheet and statement of operations of the Canadian "P.C." operation with pro forma projections with say \$1,000,000⁰⁰ injection as say 1,500,000⁰⁰ or 2,000,000⁰⁰ injections. These injections would have to be by way of equity purchases. For example if the group here were to form a D.M.B.H. Company with the existing Co. as its chief asset and then D.M.B.H. were to sell Registered Partnerships what would be required would be twice the amount you require to be injected into the present operation. This would leave the present operation free and clear.

(2)

with sufficient monies to repeat the process in (1) Germany (2) Spain (3) Yugoslavia (4) elsewhere. With each successive step raising sufficient monies to pay for itself and its successor.

In all cases the Ontario "P.C." operation would be in absolute control and could possibly expand in Canada to ensure breeding stock for each new operation.

What we need now in this operation is your accountants for real plus perform a operations.

If you or your accountant if you get this to us showing a modest profit then we will make arrangements for you to come here and meet with the principals and complete a deal for cash.

GX-49B

ID

(3)

As for the time deal any figures you can give me would be helpful. including the going price for land where the winery is located. You indicate that it would be 8 years before any real return. Is it true? What in the next few years the profits would be in inventory or where would the money go? Again if money is injected now. is there any way a cash projection would show a net return to an investor in the form of growth or Cash Starting 1975?

To simplify: There is money here for long term investment but they look for a modest return and steady growth. Write me or call me if necessary at Shubins Office.
-mwich 92 32-1

all the best,
Green Kuby

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

6X-52

GX 52
A 77



Hotel Nova-Park - wo man sich trifft

Hotel Nova Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 54 22 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Residence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

416 685 2411

August 10/74

L. Ross Allen
16 Church St
St Catharines Ontario

Dear Ross

The following steps would have to be taken to complete a money raising campaign in Europe.


1) Contact

Rudolf Schubert
8 Arabella Strasse
Arabella House Suite 1236
Munich Germany

Phone 92 321

and make arrangements to see him for liaison. I suggest you make a financial arrangement with him for a retainer of say \$500⁰⁰ per month plus what nominal travelling expenses he may have.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwandenplatz 7
Bern, Münstergasse 27


TURLER

For more information write to Turler

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organizations in the Continents

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

GX-52

GX 52
78



Hotel Nova-Park - wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 54 22 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Residence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

Come Paul is safely working for you
you can use his apartment as your
semi-permanent mailing address until we
get further along.

He will accept the limited Partnership
proposal which you have and will attend
with a lawyer and have the basic text
and intent approved in principle.
He will then attend with the distributors
who will be the eventual sales groups and
draw up a program of sales and costs
which should be as follows -

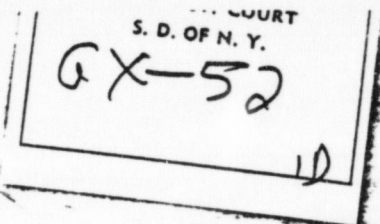
Printing Costs in German and English
a fancy 4 page brochure which including
translations should cost about 40 cents each
or \$2000⁰⁰ ^(20% upfront) and total sales commissions
which are only paid when sales are made
of a gross of 25%. If you can supply the
translations so much the better and faster

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27


TÜRLER

Für Uhren - mit Uhren zu Türler

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents



GX 52
A 79



Hotel Nova-Park - wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 54 22 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Résidence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

When this initial step has been completed your legal fees in Germany will be about \$1500⁰⁰ so the total outlay will be about \$3500 - \$4000⁰⁰. You will at some time have to go with Paul to see your bankers who in turn will help you and Paul with the actual sales machinery. All sales have to be thru a trustee so your bank could help here. - If you have read the partnership I give you, you will realize that the K.G. in Germany must have a trustee to receive all subscriptions and the trustee will disburse the funds as you direct - paying commissions and initial expenses back to you of at least \$20 000⁰⁰ which one way or another you will have invested.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27


TURLER
Uhren - mit Uhren zu Turler

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents



Hotel Nova-Park – wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 54 22 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Residence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

Paul will help you with the
Bolognese group and the Augsburg group.
and I have given you Michael Kahn's
name and address. Paul is also in touch
with a Persian group and the Munich
groups such as Buchella and Kahn & Giani.
Once the program is established Paul will
open a permanent office for you. I suggest
in Frankfurt and then The Company or
limited Partnerships will become active in
soliciting its own sales people and
clients by advertising. Believe me these
programs have considerable capital
beyond your wildest imagination.

Now if you don't want to work with
Paul contact Kent Olsen in Frankfurt
at 72 27 39. and ask him to do
55 BOCKEN HEIMER how so.
basically the same operation.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27


TÜRLER

Für Uhren – mit Uhren zu Türler

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents

GX-52

GX 52
A 81



Hotel Nova-Park - wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 54 22 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Residence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

So now you have 2 choices in Europe
they will both cost about the same
but Olsen is stronger with the bank.
but not so knowledgeable about selling.
If I was involved I would use them
both and set up with your bank for the
trustee and I would open an office in Frankfurt
where I believe once the printing is done
Olsen can raise you immediately
\$1,000,000⁰⁰ (One million) and I would pay him
a total commission of 20% and charge
you 30%.

Now there is no special secret to
raising money its all hard work and
being on top of the situation just the same
way you practice law. If you quit working
pretty soon - no income.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27



TÜRLER

Für Uhren - mit Uhren zu Türler

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents

U. S. DIST. CT.
S. D. OF N. Y.

GX-52

GX 52
A 82



Hotel Nova-Park - wo man sich trifft


Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 54 22 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Residence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

I am absolutely convinced that if you want to take the time and effort - and it's no fun travelling both the pigs and the wine and the hotel deals can be done.

I think the limited partnership as set up originally would work out allowing gross selling costs of 30% and some equity being given to the people who raise the money.

I would be interested in working with you but at this time I feel I have enough time and money involved in the project that I cannot afford to lay out any more money so we would have to discuss this further.

I think you should contact either or both of these people immediately and get a lawyer there Paul (he has three) or Kent (he has many) so you can see + touch now.  being October 30/4.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27

TURLER

Für Uhren - mit Uhren zu Turler

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents.

S. D. OF N. Y.

GX-52

GX 52
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Hotel Nova-Park – wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 5422 21, Telex: Hotel 52701

modernsten Zimmern, Bad, Telefon, Radio,
Residence mit luxuriösen 1- bis 4½-Zimmer-
Appartements, Nova Business Grill, Arte Nova, Nova Bar,
Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club
und Hallenbad, Konferenz- und Ausstellungszentrum,
Informationszentrum, Schulungszentrum mit AV, Hotel Shops,
Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank,
Reisebüro, Grossparkhaus für 1.000 Autos.

HELMUT WASHBURG. Frankfurt Germany

Trade Development Bank

Geneva

Mr Schalen 3 209 30

Len Baker

European Financial Forum

49 RIVINGTON ST London

01 739 0541

wrote article
for Corporate Report
very nice person
formerly with Dow Jones
& Paris Tribune
is available in September

Jack Gravi

5 Kappelstrasse 20 95-1

2 Landpost main

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27



TURLER

Für Uhren – mit Uhren zu Turler

REPAIR ORGANISATIONS IN FIVE CONTINENTS

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents

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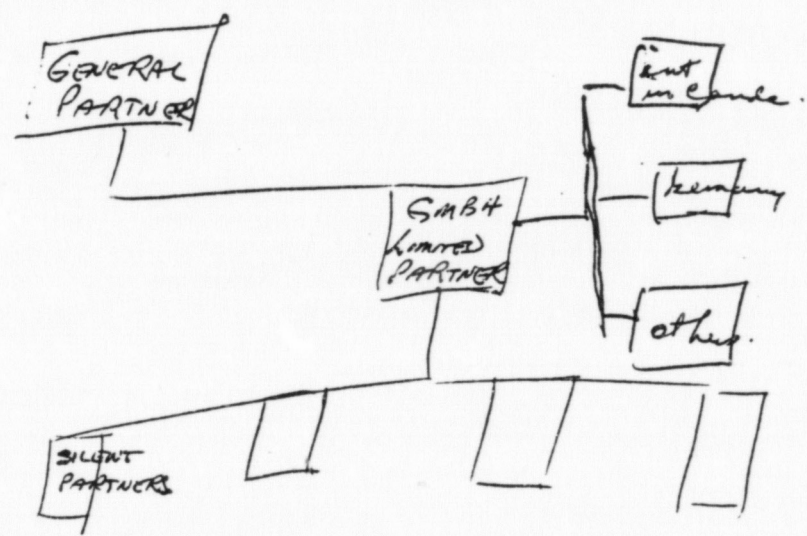
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Hotel Nova-Park - wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 5422 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Résidence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.



GENERAL PARTNER

LIMITED PARTNERSHIP.

LIMITED OR SILENT PARTNERS IN LIMITED PARTNERSHIP.

TRUSTEE BANK FOR LIMITED PARTNERSHIP.

WHO ISSUES SILENT PARTNER CERT AND

PAYS MONEY TO GENERAL PARTNER.

There is a standard formulae in Germany for this type of operation.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27



Für Uhren - mit Uhren zu Türlert

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents

Für Uhren - mit Uhren zu Türlert

U. S. DIST. COURT
S. D. OF N. Y.

GX-52

GX 52
A 85



Hotel Nova-Park – wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 5422 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, TV-Anschluss, Résidence mit luxuriösen 1- bis 4-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Konzeptionssekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

In each instance the selling groups will want some say in the preparation and printing of the sales brochure and will want their own attorney to approve the presentation - so nothing should be printed in final form until all approvals have been confirmed. You sort of have to work in limbo until everything is pulled together. Which will take whoever puts this together about 3 weeks of chasing and co-ordination work.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27



TURLER

Für Uhren - mit Uhren zu Turler

FÜR UHREN - MIT UHREN ZU TURLER

New York 10022
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Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents

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GX 52

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14-21-
21-4514-21-
Reg.
21-45

Hotel Nova-Park - wo man sich trifft

Hotel Nova-Park, Badenerstrasse 420, 8004 Zürich, Telefon 01 54 22 21, Telex: Hotel 52701

1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Residence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

Expenses for first 30 days.

AIRFARE Toronto to FRANKFURT
MUNICH ETC.AVERAGE 650⁰⁰.

HOTELS in EUROPE.

BASIC 100⁰⁰/per day.

@ 15 days

1500⁰⁰.1500⁰⁰.

LEGAL OPINIONS.

PRINTING

2500⁰⁰.

GERMAN EXPENSES.

1000⁰⁰.

PERSONNEL.

INCLUDING TRAVEL.

If you want to work with O'Brien I think
his total expenses to raise the first 200 000⁰⁰
could be less than 1000⁰⁰ and you could
do this with a typewritten proposal.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27

Für Uhren - mit Uhren zu Türler

Für Uhren - mit Uhren zu Türler

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Repair Organisations in five Continents

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GX 52
A 87



Hotel Nova-Park - wo man sich trifft

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Ross:
as far as art is concerned if he has
some monthly figures available we could
revamp his program and possibly
raise him some monies in
the fall before Xmas on a similar
basis.

Berry Kirby

V. J. Kirby

16 TRENTON DR

ROXBORO QUEBEC

Canada.

514 683 2118

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten, Airport
Luzern, Schwanenplatz 7
Bern, Marktgasse 27

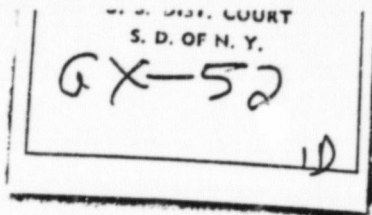


TURLER

Für Uhren - mit Uhren zu Türler

Für Uhren - mit Uhren zu Türler

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Repair Organisations in five Continents



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Hotel Nova-Park - wo man sich trifft

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Gardner	\$400	Paris	
Gardner	500	36 days @ 100	3600
Kardner	500	Paul. Travel	
Joan	500	Expense	
Allen	5000	14 days @ 100	1400
Gardner	200	Local travel	100
Badger	1000	re machine	
Fordeur	500	a printer	
	\$8200	Air fares & extras	\$450.00
		Alcentravel	400.00
Gardner	650	30 days @ 100	3000
Airfare	680		\$9450

advanced by Joan. \$1250

stock received by Kirby 2300 plus NET 5000
less Joan advance 1250

time elapsed 4 months.
@ 2000 per month.

Out of pocket by Kirby

Gardner out
Badger out
R...

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich/Kloten, Airport
Luzern, Schwyzstrasse 27
Bern, Marktgasse 27



Für Uhren - mit Uhren zu Turler

New York 10022
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Tokio, Tenshodo Co. Ltd. 3-4 Ginza
Repair Organisations in five Continents

S. D. OF N. Y.

GX-52

GX 52
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Hotel Nova-Park - wo man sich trifft

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1000 Betten in modernsten Zimmern, Bad, Telefon, Radio, TV-Anschluss, Résidence mit luxuriösen 1- bis 4½-Zimmer-Appartements, Nova Business Grill, Arte Nova, Nova Bar, Nova Taverne 1515, Nova-Nova-Night Club, Super Fitness-Club und Hallenbad, Konferenz- und Ausstellungszentrum, Informationszentrum, Schulungszentrum mit AV, Hotel Shops, Kollektivsekretariat, Nova Clubs, Nova Kinderclub, Bank, Reisebüro, Grossparkhaus für 1000 Autos.

Kent Allen will act as Matchmaker.
but once again he wants a retainer and he
is probably in a better position to start than
Saul as he is already in Frankfurt
Kent is a Canadian from Calgary and has
lived in Germany and Switzerland for the
past 5 years. He is broke now and
probably easier to handle than Saul.
He is also the man that did the
work on Capital so he is totally familiar.
all you have to do is call him
arrange a deal and send him copies of
everything you gave Mike or Saul or me.
Photostats will do he has an excellent translator
and will prepare everything including raising
money.

Zürich, Paradeplatz
Zürich, Hotel Nova Park
Zürich-Kloten Airport
Luzern, Schwabenplatz 2
Bern, Marktgasse 27

TURLER

Für Uhren - mit Uhren zu Turler

Für Uhren - mit Uhren zu Turler

New York 10022
515 Madison Avenue, Room 1009
Tokio, Tenshodo Co. Ltd., 3-4 Ginza
Repair Organisations in five Continents

AGREEMENT

THIS AGREEMENT dated : January 15, 1975 between FUN TYME PACKAGES, INC. of Brooklyn, New York and S. M. GARDNER, as agent, is intended as a statement of understanding between the parties.

- 1) GARDNER agrees to arrange for FUN TYME within ten (10) days of the signing of this agreement twelve (12) letters of credit for a period of one (1) year with an aggregate value of \$ 500,000. U.S.
- 2) These letters shall be irrevocable " clean " documents, and shall be drawn on a qualified Swiss banking institution, in accordance with the Uniform Custom and Practice for Documentary Credits (1962 Revision) International Chamber of Commerce Brochure No. 222, and shall conform with the contracts between FUN TYME and the various beneficiaries they designate.
- 3) The purpose of these credits (guarantees) is to guarantee payment by FUN TYME and thereby to comply with the various contracts into which it must enter in order to conduct its ordinary business.
- 4) GARDNER agrees that neither the banking institution nor any of its representatives shall as a result of this agreement be involved in the operations of FUN TYME or in the activities which these credits shall guarantee, except as now stated:

A) In the event that FUN TYME should be in a position of default to one or more of the beneficiaries of the herein discussed credits. In this instance, the bank shall have the right to appoint a director to sit for the duration of the life of the

credits, to order the duly appointed auditors of the corporation to do an immediate and independent audit, and to take what steps it deems necessary to protect its interests and those of the corporation and the stockholders in its opinion.

- 5) FUN TYME shall post a non-interest bearing deposit of \$ 200,000. U.S., which shall be hypothicated against the guarentees discussed above only. This deposit will be posted at a New York bank, which will act as agent for the Swiss bank with a correspondent relationship. FUN TYME shall have the right to approve this bank. FUN TYME may assign receivables or other accepted collateral for a period of thirty (30) days, beginning on the date of issue of the credits, and shall replace this collateral with the cash collateral at its pleasure during that period.
- 6) The liability expressed by the credits shall in no way be construed to exceed their \$ 500,000. face value as divided among the beneficiaries.
- 7) The collateral posted by FUN TYME can be foreclosed without further notice except as expressed in the Bulletin of the International Chamber of Commerce No. 222 (1964 Revision). It is understood that said foreclosure can be commenced immediately upon FUN TYME being in default on any of these agreements which would in effect create a draft against these credits for the amount of this draft plus expenses and charges as expressed by the above cited bulletin.
- 8) FUN TYME shall pay a fee of 5% (\$25,000.U.S.) as follows;

A) \$ 7,500.00 as a binder upon the signing of this agreement. This shall be refundable if GARDNER does not comply in any way with the terms of this agreement. It shall not however be

refunded if GARDNER shall comply and FUN TYME shall for any reason choose not to make use of these credits.

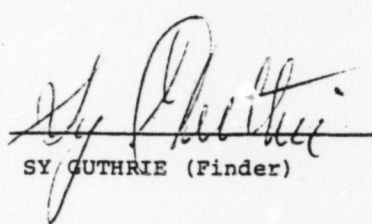
B) \$ 17,500.00 U.S. upon the issuance of the credits

9) It is understood that FUN TYME met GARDNER through a finder, SY GUTHRIE, and that this finder shall be paid by FUN TYME by an agreement between them. With this exception, the parties know of no other finder and hold each to the other harmless of any claim of any other finder.

The parties to this agreement whose signatures appear below, hereby agree to bind themselves by the terms of this agreement.

S. M. GARDNER, as agent


_____ for
FUN TYME PACKAGES, INC.


SY GUTHRIE (Finder)

AGREEMENT

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27 99
1/6

THIS AGREEMENT is dated February 18, 1975 and is between EKALB INVESTMENTS, INC., an Ontario corporation, having an office at: 745 Fifth Avenue, New York, New York (hereinafter referred to as "EKALB") and COUNTRY CLUBS OF AMERICA, an Oklahoma corporation having its offices at: Box 361, Manford, Oklahoma (hereinafter referred to as "COUNTRY CLUBS"); and is intended as a statement of understanding between the parties.

1) EKALB agrees to arrange for COUNTRY CLUBS, a stand-by commitment in the amount of \$700,000.00 U.S.D. for a period of eighteen (18) months with a right of extension of six (6) months by mutual agreement at a fee of 1½ points.

2) EKALB shall produce a letter of intent relative to this commitment within three (3) business days of the signing of this agreement. The commitment papers themselves will then be drafted in the normal course of business and upon fulfillment of the normal and reasonable requirements of the insurance company.

3) The commitment shall be an irrevocable document, drawn on ~~an~~ insurance company fully qualified to write such a commitment and acceptable to the borrower.

4) The purpose of this commitment is to allow COUNTRY CLUBS to draw funds against this commitment, in accordance with Schedule A, which is attached hereto.

5) It is agreed that neither the lender, nor any of its agents or representatives shall be involved in the operations of COUNTRY CLUBS as a result of this agreement.

6) In the event the lender should be required to pick up the loan, the loan will be amortized over a five (5) year period. In this event, interest shall be charged at the discretion of the lender, but not to exceed 16%, or the legal interest rate then prevailing in the state of venue.

7) This commitment shall be collateralized by a first mortgage on the property known as CORONADO COUNTRY CLUB and ESTATES of LIBERAL, KANSAS; as described by Exhibit two, which is an appraisal by MID-CONTINENTAL SAVINGS and LOAN ASSOCIATION; a lien shall also be filed against building and all improvements.

8) Marketability of title to the property and the validity of the lenders encumbrance is to be evidenced by an ALTA policy of title insurance written by an acceptable company with such title policy to indicate no other liens.

9) The commitment shall further be unconditionally guaranteed by MYRTLE W. RUPE and JAMES LOFLAND, whose statements are attached as exhibits three and four.

10) Any commitment issued may be terminated by the lender in the event of the filing by or against the borrower of a petition for bankruptcy or insolvency by written notice to the borrower.

11) The borrower shall pay all costs and expenses incidental to

6) In the event the lender should be required to pick up the loan, GX 300 A 95 the loan will be amortized over a five (5) year period. In this event, interest shall be charged at the discretion of the lender, but not to exceed 16%, or the legal interest rate then prevailing in the state of venue.

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10) Any commitment issued may be terminated by the lender in the event of the filing by or against the borrower of a petition for bankruptcy or insolvency by written notice to the borrower.

11) The borrower shall pay all costs and expenses incidental to this commitment. The commitment fee shall be seven (7) per cent

payable as follows: two per cent (2%) in escrow on the signing of this agreement, and five per cent (5%) on the delivery of the stand-by commitment. It is understood that a letter of agreement shall be issued as in one (1) above, at no additional fee, and shall be processed immediately upon the signing of this agreement.

12) It is understood that the parties to this agreement met through a finder, SY GUTHRIE, and that this finder shall be compensated by the borrower. With this exception, the parties know of no other finder and hold each to the other harmless of any claim by any other finder.

13) EKALB hereby undertakes and represents that it can fund the commitment discussed herein with (15) fifteen days of receipt of a notice requesting this additional service. Such request must be made within (20) twenty days of the issuance of commitment discussed herein. The fee for this service shall be \$7,500.00 U.S.D.; this fee in addition to all other fees discussed herein.

The parties to this agreement whose signatures appear below, hereby agree to bind themselves by the terms of this statement. The offer embodied in this agreement shall continue in effect for (3) three business days from this date, at the end of that period the offering herein embodied is withdrawn.

COUNTRY CLUBS OF AMERICA

[Signature]
By *[Signature]*
[Signature]

EKALB INVESTMENT INC.

By *[Signature]*

WESTERN Union
Telegram

DCC162(2216)(2-09492E060)PD 03/01/75 2216

ICS IPMBNGZ CSP

4057511303 NL TDBN OKLAHOMA CITY OK 63 03-01 1016P EST

PMS S MICHAEL GARDNER, DELIVER SUNDAY, DLR

745 FIFTH AVE SUITE 10505

NEW YORK NY 10022

IN REFERENCE TO AGREEMENT SIGNED FEB 18, 1975 BY AND BETWEEN EKALD

INVESTMENTS CORPORATION 745 FIFTH AVE NEW YORK AND COUNTRY CLUBS OF

AMERICA A OKLAHOMA CORPORATION.

UPON RECEIPT OF \$220,000 (TWO HUNDRED AND TWENTY THOUSAND DOLLARS)

MY INITIAL INVESTMENT IN CORNADO COUNTRY CLUB SEWARD COUNTY LIBERAL

KANSAS I WILL TRANSFER ALL MY STOCK IN COUNTRY CLUBS OF AMERICA TO

JAMES E LOFLAND

MYRILE V RUPE

NNNN

station (ps-49)

EKALB INVESTMENTS INC.

745 FIFTH AVENUE
NEW YORK, N. Y. 10022
SUITE 1505
(212) PLAZA 3-8684

TELEX 42 53 79
CABLE GARDNERCO

April 1, 1975

Mrs. Myrtle Rupe
Mr. James Lofland
Country Clubs of America
2725 Manchester Drive
Oklahoma City, Oklahoma

Dear Sirs,

I am sorry that I was not available to see you on your recent trip to New York. I do hope that my phone conversation with Mrs. Rupe the other night and my lengthy discussion with Jim has made Ekalb's position clear.

Just to clarify those conversations, I wish to make the following points again clear:

- a) Ekalb is an Ontario Corporation, which is owned 100% by a Panamanian Corporation.
- b) I was authorized to sign the agreement on behalf of Ekalb and to receive fee on the corporation's behalf. My secretary informs me that when you inquired of her to whom to make out the check in the presence of several of the parties to this transaction, you were informed that it would make no difference whether you made it out to S. Michael Gardner or Ekalb; and that you insisted on making it out to S. Michael Gardner, personally, even though I was not present. This was done, however, with the clear understanding that the payment was being made for services being rendered by Ekalb.
- c) Although I did not draw the original agreement agreed to, I did make certain changes in it so as to be certain that the deal could be completed if the agreement was adhered to.

Now allow me to refer to the agreement which was signed:

Paragraphs 1-3 refers to what Ekalb obligates itself to do upon Country Clubs' fulfilling its responsibilities, enumerated by paragraphs four through eleven. Country Clubs has not complied

with any of these conditions, to wit:

- 4) Schedule A attached is a total misrepresentation in that
 - a) It makes no mention of repairs or necessary steps to re-open club house, obviously as we believed it to be operating.
 - b) It misstates all costs, facts and figures.
 - c) It refers to a repayment of obligation to you of \$173 000. (Your balance sheet shows a different picture, as we shall discuss later.), and your telegram requests \$220,000. for the same purpose.
 - d) It makes no mention of your admitted intention to repay a loan in favour of Mrs. Armstrong at the Metro Bank in Dallas in the amount of \$140,000. out of these proceeds. You and your associate have admitted that this was your intention, although it is not shown anywhere and would tend to defraud the lender of \$140,000. in equity, as this is not related to the Coronado project.

Hence, it is quite obvious that schedule A as submitted would, for these and other reasons, serve as a fraud upon the lender, if accepted.

- 5) Although it is agreed that this should not be the case, there have been constant requests to have me take an equity position in this project.

- 7)
 - a) Although it appears that Associate owns the first mortgage, which would of course require more money than that indicated in schedule A to repay, your balance sheet also shows a mortgage of \$36,500. which simply appears to be an additional scheme to further defraud a lender.
 - b) The appraisal submitted as exhibit two states:

Existing :

Clubhouse: hexagon shaped domed roof of welded steel over main dining room, ect. ; and goes on to outline the entire club, golf course, clubhouse, housing developement, pro-shop, ect.

In no document, nor in any conversation, was it ever represented to Ekalb or me that this appraisal, which I now notice was not dated, was not current or representative of the current condition of the Coronado Club. It is further interesting to note that William A. Huggins, whose signature appears on the appraisal was a director and possibly an officer of Country Clubs.

Coronado bears no resemblance whatsoever to this appraisal. This might be the first "welded steel hail proof roof installation" ever to be blown away by a wind. The building and entire property are overgrown and a visual disgrace externally, the building are water damaged and in poor repair, and the clubhouse roof is badly destroyed. When I told Jim about this discovery, he told me that for \$5,000. he could take care of the whole thing. Remember, of course, that it was represented to us as is stated in the appraisel exhibit B, that the clubhouse was open, operating and had cash flow. In fact, a list of over 200 supposed dues paying members is included.

8) No such title policy has been provided, and it has come to our attention that contrary to this paragraph, other liens do exist.

9) No financial statement of James Lofland has ever been provided. The financial statement of Myrtle Rupe appears to be a fraud. Under assets are listed:

1) Mortgage - Coronado Country Club	\$	36,500.00
2) Note - secured		23,500.00
3) Note- secured		76,395.00
4) Note- secured		8,802.78
5) Savings and Loan		61,000.00
6) Investments Lake Tucumari Real Estate		11,500.00
7) Business Merchandise on hand		30,000.00
8) 50% Interest Coronado Country Club		425,000.00

On information and belief from reliable sources, it appears that:

asset 1) does not exist - no such mortgage has ever been filed.

asset 2,3,4,5,) require further explanation, as normal sources cannot substantiate

asset 6) does not state method of valuation,

asset 7) seems ridiculous for a business that does \$30,000. gross business per year.

asset 8) We have your investment here stated in exhibit A as \$173,000., in your telegram you claim \$220,000. and on our balance sheet, where only cost or market value (whichever is lower) is an acceptable method of valuation unless otherwise stated, you claim 50% ownership at \$425,000.

This balance sheet is, of course, signed by you and attached as the only guarentee.

10) This, of course, clearly eleviates Ekalb, or any lender, of any responsibility. It has come to our attention that the first mortgagee, Associates, has begun foreclosure proceedings against this property, prior to the signing of any agreement. Insolvency proceedings have, to the best of my information, begun long ago and will be concluded with a foreclosure on or about the 21st day of April, 1975. Since the property is in foreclosure, has been posted, and is in a state of insolvency, but is not under the protection of the bankruptcy court, any obligation or commitment would automatically be terminated; you may consider this written notice of such termination.

11) You are, of course, responsible for all costs incurred by us in this transaction, and in good time I shall itemize and bill you for these costs.

12) There is no provision requiring the refund of the 2%, which was paid on the signing of the February 18th, 1975 agreement. Since the agreement is being terminated due to your failure to comply with the conditions of the agreement, we feel no obligation to refund this fee; you will also note that the fee was to be paid without any conditions or qualifications, upon the signing; not to be held in escrow pending outcome, and that this was agreed to by all parties.

~~I am deeply sorry to see this deal end this way. If I thought it would help, I could probably go on for another five pages and spell out in detail other misrepresentations and facts that came to light in the initial investigation of the deal, immediately after the signing of the agreement; but I do feel the above should be more than adequate.~~

I hope you realize that if the transaction did not close because of Ekalb's failure to perform, my attitude toward the situation would be markedly different.

There have been statements made to me and left on my service which have been both liabelous and threatening. It should be quite obvious that if anyone were trying to defraud anyone else, it was obviously my company and its lender who were slated to be the victims. I have, of late, been occupied with other legal problems and have not been able to spend the time necessary to set these claims straight. I do not believe in such slander tactics and hope they will cease. If they do not, I will be forced to take whatever steps my council advises me would be appropriate under the circumstances.

Whatever problems I have had in the past, is not indicative of the way I am attempting to conduct my current business affairs, and I see no reason to subject myself to further slander. I hope I have made my position clear without offending you. I should further make clear that Jim's only desire was for me to split the money with him when it was paid by you. I was the only one who took the deal seriously; and my refusal to give him any portion of it is his only reason for being upset with me. If I had realized the nature of this from the beginning, I never would have become involved; but I believed it to be a legitimate deal.

I am further advised that Mrs. Armstrong has sent monies from the University Bank in Ft. Worth to Jim Lofland, which she thought was again paying fees relative to this commitment. I would like to make it clear that at that time, we had no knowledge of the purpose of these funds, received none of the proceeds, and consider ourselves in no way a party to or in any way responsible for these transactions.

Yours very truly,

~~Ekalb Investments, Inc.~~

S. Michael Gardner

SMG/sb

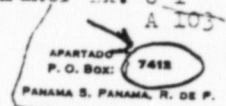
F. S. TAPIA C. DA
JULIO E. LINARES
ELOY ALFARO

N. C. MOESLER
M. E. VALDES
F. S. TAPIA JR.

BUFETE TAPIA
TAPIA & LINARES
ABOGADOS • ATTORNEYS AT LAW

"EDIFICIO TAPIA"
AVE. JUSTO AROSEMENA Y CALLE 31 NO. 3-80
PANAMA, R. P.

Gardner-Ex. C 1



CABLE: "FESTA"
TELEX: ITT 3480070
TELEFONO 25-1556

February 11, 1974.

Via Airmail.-

Penquin Products Company
475 Fifth Avenue
New York, N. Y. 10017
U. S. A.

Attention: L. Clements

Re: Our File No. 49-27

Dear Sirs:

We have for acknowledgment the receipt of your letter of the 24th. inst., contents of which we have taken due note.

We have no inconvenience in attending to the formation of the corporation in which you are interested. However, we wish to inform you that the activities in which the corporation intends to engage in cannot be carried out within the territory of the Republic of Panama unless an authorization is obtained from the National Securities Commission, besides the fact that the corporation in project would have to comply with a series of requisites provided for in the Cabinet Decree No. 248, of the year 1970.

In order to proceed to the incorporation of the company in which you are interested, you should furnish us with the following information:

At least, with three names and their order of preference so that we may ascertain at the Public Registry Office which name is available and, hence, may be used as the Corporation's name.

You must advise us of the purposes the corporation will engage in since you have not furnished us with this data. Of course, in this Article as already stated should be inserted the main purposes of the corporation and at the end we would provide an item, which reads: "Any other lawful business permitted by the Laws of the Republic of Panama".

You must inform us the capital stock of the corporation and how same will be divided. Also, the kind of shares, i. e. if Bearer or Nominative.

The names of the Directors and Officers are fictitious. You should furnish us with the full names (no initials) and addresses of

BUFETE TAPIA
P. O. BOX 7412
PANAMA S. R. DE P.

(8) Deserif

March 5/74
Hines

Niagara Falls Corporation

BUFETE TAPIA

Gardner Ex. C 1
A 104

PAG - 3 -

5. Our fees as Resident Agents, which are payable in advance. Our corporation law requires that a company appoints and maintain a Resident Agent. While in existence the annual fee of such Resident Agent is US\$100.00 payable each year in advance.

The company will not be subject to any tax if same will not do business within the territory of the Republic of Panama. The earnings obtained outside of the Republic of Panama are exempted from the income tax according to the Income Tax Law in Panama and corporations do not even have to file an income tax return to any fiscal authorities of Panama. The only fees to be paid by the company will be that of the Resident Agent.

Once we receive the information above requested together with a Bank draft payable to the order of Bufete Tapia in the amount of US\$600.00, we shall immediately proceed with the registration of the corporation.

We assume that the above procedure, i. e., the inscription of the corporation will take, more or less, a week.

We trust that the foregoing information answers most of the questions we presume you are interested in learning about the organization of a Panamanian corporation; but in the event, however, you may wish to have additional information on the subject, we shall be very pleased to answer any of your questions.

We await your news regarding the matter dealt in this letter and, in the meantime, remain,

Yours very truly,

BUFETE TAPIA,

F. S. Tapia C.

FSTC/cds

⑧ *deary* ✓ ✓ ✓ ✓

March 5/74
Niagara Falls Corporation

BEST COPY AVAILABLE

Capt 600⁰⁰ -
Surgeon 100⁰⁰ -
Port fees 147⁵⁰ -
Deamination 10⁰⁰ - ~~hand~~

LAURENCE CLEMENTS
DIRECTOR + PRESIDENT
MICHAEL GARDNER
DIRECTOR + SECRETARY
VINCENT KIRBY
DIRECTOR + VICE PRESIDENT

250 000 shs @ 21

250 000 shs.

867.50 US.

THE WORLD OF.

① NIAGRA FALLS.

"
② NIAGRA FALLS
ENTER PRIZES.

③ NIAGRA FALLS
OF AMERICA

SAO PLACE-OF. AMERICA.
CANADA
NIAGRA FALLS.

④ NIAGRA FALLS CORPORATION.

87⁵⁰

Beaver Shows.

NO. B

Counterigned and Registered
METROPOLITAN TRUST COMPANY
Transfer Agent and Registrar
By Authorized Officer

NIAGARA FALLS CORPORATION

INCORPORATED UNDER THE LAWS OF THE REPUBLIC OF PANAMA
Capital Stock 5,000,000 SHARES WITH A PAR VALUE OF 1 CENT

.....SHARES

THIS CERTIFIES THAT the Bearer hereof is the owner of

.....SHARES
of the Capital Stock of

NIAGARA FALLS CORPORATION.

fully paid and non-assessable shares with a par value of 1¢.

Transferable by delivery of this Certificate.

This Certificate is not valid until countersigned by The Metropolitan Trust Company.

IN WITNESS WHEREOF, the said Corporation has caused this Certificate to be signed by its duly authorized officers.

DATED

James M. Brannan

SECRETARY

W. Gardner

PRESIDENT

DRAFT NO. 2
MAY 16, 1974

Gardner & Co. Ltd.
A 107

NO. B

.....SHARES

NIAGARA FALLS CORPORATION

INCORPORATED UNDER THE LAWS OF THE REPUBLIC OF PANAMA

AUTHORIZED CAPITAL:
FIFTY THOUSAND DOLLARS (U.S. \$50,000.00) LEGAL CURRENCY OF THE UNITED STATES OF AMERICA, DIVIDED
INTO FIVE MILLION (5,000,000) BEARER SHARES OF A PAR VALUE OF ONE CENT (0.01) EACH.
INSCRIBED IN VOLUME 1026, FOLIO 441, ENTRY 115,205 OF THE MERCANTILE SECTION OF
THE PUBLIC REGISTRY OFFICE OF THE REPUBLIC OF PANAMA.

THIS CERTIFIES THAT THE BEARER hereof is the owner of

fully paid and non-assessable shares with a par value of 1 cent in the Capital Stock of

NIAGARA FALLS CORPORATION

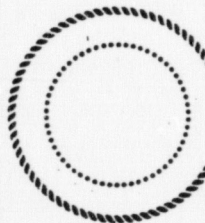
The shares represented by this certificate are transferable by delivery of this certificate.

Dividends when declared will be payable to the Bearer hereof upon presentation of this certificate at the office of The Metropolitan Trust Company, 353 Bay St., Toronto, Canada.

This Certificate is not valid until countersigned by The Metropolitan Trust Company as Transfer Agent and Registrar.
IN WITNESS WHEREOF, the said Corporation has caused this Certificate to be signed by its duly authorized officers.

DATED

William M. Brann
SECRETARY



W. G. Gordon
PRESIDENT

PRESIDENT

TRANSFERABLE AT THE OFFICE OF THE METROPOLITAN TRUST COMPANY, 353 BAY ST., TORONTO, CANADA.

Countersigned and Registered
THE METROPOLITAN TRUST COMPANY, TORONTO, CANADA.

Transfer Agent and Registrar

Authorized Signature

COPY RECEIVED
SEP 9 1976
ROBERT B. FISKE JR.
U.S. ATTORNEY
E.D. DIST. OF N.Y.